

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Goodwell Township	County Newaygo
Fiscal Year End 3/31/2007	Opinion Date 9/4/07	Date Audit Report Submitted to State 9/19/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

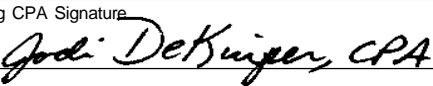
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ **Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe) Internal Control	<input checked="" type="checkbox"/>		
Certified Public Accountant (Firm Name) Hendon and Slate P.C.		Telephone Number 231-924-6890	
Street Address 711 W. Main St.		City Fremont	State Zip MI 49412
Authorizing CPA Signature 	Printed Name Jodi DeKuiper		License Number 1101021180

**GOODWELL TOWNSHIP  
NEWAYGO COUNTY, MICHIGAN  
AUDITED FINANCIAL STATEMENTS  
MARCH 31, 2007**

## TABLE OF CONTENTS

	<u>Page</u>
List of Principal Individuals	ii
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 5
<b>BASIC FINANCIAL STATEMENTS</b>	
Government Wide Statement of Net Assets	6
Government Wide Statement of Activities	7
Governmental Fund Balance Sheet	8
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	9
Governmental Fund Statements of Revenues, Expenditures, and Changes in Fund Balance	10
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Net Assets - Fiduciary Fund	12
Notes to the Financial Statements	13-17
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Budgetary Comparisons for Major Funds:	
General Fund	18
Fire Fund	19
Road Fund	20
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	21-23

## **GOODWELL TOWNSHIP**

### **Board Members**

	<u>Position</u>
Barbara Shafer	Supervisor
Mary Kaiser	Clerk
Paul Fetterley	Treasurer
David Krueger	Trustee
Susan Ross	Trustee

# H&S Companies

Hendon & Slate, PC  
Certified Public Accountants  
Business Consultants

Township Board  
Goodwell Township  
Newaygo County  
White Cloud, MI

## Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Goodwell Township as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Townships' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Goodwell Township, Michigan as of March 31, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and pages 18 and 20, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Grand Rapids  
2025 East Beltline SE  
Suite 208  
Grand Rapids, MI 49546  
Phone (616) 954-3995  
Fax (616) 954-3990

Muskegon  
4985 South Harvey Street  
Muskegon, MI 49444  
Phone (231) 798-1040  
Fax (231) 798-8409

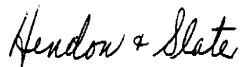
Fremont  
711 West Main Street  
Fremont, MI 49412  
Phone (231) 924-6890  
Fax (231) 924-4088  
Toll Free (800) 924-6891

Montague  
4538 Dowling Street  
Montague, MI 49437  
Phone (231) 893-6772

Hart  
1550 N. Industrial Park Drive  
Hart, MI 49420  
Phone (231) 873-5611  
Fax (231) 873-7033

[www.hscompanies.com](http://www.hscompanies.com)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Goodwell Township, Michigan's basic financial statements. The introductory section, combining and individual non major fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in cursive script that reads "Hendon & Slate".

Hendon & Slate, P.C.  
Certified Public Accountants  
September 4, 2007

## GOODWELL TOWNSHIP

### Management's Discussion and Analysis (MD&A) For the Year Ended March 31, 2007

#### Using this Annual Report

This annual report consists of a series of financial statements. The Governmental Wide Statement of Net Assets and the Government Wide Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

#### The Township as a Whole

The Township's unrestricted net assets (the part of net assets that can be used to finance day-to-day operating) increased from March 31, 2005 to March 31, 2007 - from \$157,231 to \$200,520. In a condensed format, the table below shows key financial information.

	Governmental Activities 2007	Governmental Activities 2005
Current Assets	\$ 190,913	\$ 166,651
Non Current Assets	11,382	613
Total Assets	<u>\$ 202,295</u>	<u>\$ 167,264</u>
Current Liabilities	<u>\$ 1,775</u>	<u>\$ 9,420</u>
Net Assets		
Invested in Capital Assets-Net of Debt	\$ 11,381	\$ 613
Unrestricted	<u>189,139</u>	<u>157,231</u>
Total Net Assets	<u>\$ 200,520</u>	<u>\$ 157,844</u>
Program Revenues		
Charges for Services	\$ 875	\$ 475
General Revenues		
Property Taxes	75,012	72,519
State Shared Revenues	37,811	38,107
Investment Earnings	2,804	976
Miscellaneous	<u>6,538</u>	<u>5,787</u>
Total Revenues	\$ 123,040	\$ 117,864

## Management's Discussion and Analysis (Continued)

Program Expenses		
General Government	\$ 53,611	\$ 47,744
Public Safety	59,661	31,991
Public Works	7,150	11,807
Other Functions	4,599	4,635
	<hr/>	<hr/>
Total Expenses	125,021	96,177
	<hr/>	<hr/>
Change in Net Assets	\$ (1,981)	\$ 21,687
	<hr/>	<hr/>

### **Governmental Activities**

The Township's total governmental revenues increased about \$14,000 from March 31, 2005. This increase is mainly due from an increase in property taxes.

Expenses increased by about \$30,000 from the prior audit year. This was mainly due to road projects that were completed in the township.

### **Business-Type Activities**

The Township had no business type activities.

### **The Township's Fund**

Our analysis of the Township's major funds follows the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for March 31, 2007 were the General, Road and Fire Funds. There are no non-major funds.

### **General Fund Budgetary Highlights**

Over the course of the year, the Township Board found it necessary to amend the budget to take into account events during the year. However, the Board over-expended in the Hall and Grounds activity as reported in the notes to the financial statements.

### **Capital Asset and Debt Administration**

At March 31, 2007, the Township had \$16,238 invested in a broad range of capital assets including land, buildings, and equipment. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads property of the Newaygo County Road Commission (along with the responsibility to maintain them).



**Economic Factors and Next Year's Budgets and Rates**

The Township's budget for 2007-2008 will be similar to the 2006-2007 amended budget. Revenues have a slight decrease of \$5,000, along with a slight decrease in expenditures of the same amount. The Township is budgeting with anticipation of less road work than in the 2006-2007 fiscal year.

**Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

# GOODWELL TOWNSHIP

## Government Wide Statement of Net Assets March 31, 2007

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 182,151
Accounts Receivable - Fiduciary Funds	2,567
Taxes Receivable	4,750
Prepaid Insurance	1,446
Property and Equipment	15,836
Accumulated Depreciation	(4,856)
Land	<u>401</u>
 Total Assets	 202,295
 <b>LIABILITIES &amp; NET ASSETS</b>	
Liabilities	
Accounts Payable	1,775
Due to Other Units	<u>-</u>
 Total Liabilities	 1,775
 <b>NET ASSETS</b>	
Invested in Capital Assets	
Net of Related Debt	11,381
Unrestricted	<u>189,139</u>
 Total Net Assets	 <u><u>\$ 200,520</u></u>

The Notes to the Financial Statements are an integral part of this statement

# GOODWELL TOWNSHIP

## Government Wide Statement of Activities For the Year Ended March 31, 2007

	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expenses) Revenue and Changes in Net Assets Governmental Activities</u>
<b>Primary Government</b>			
Governmental Activities:			
General Government	\$ 54,486	\$ 875	\$ (53,611)
Public Safety	59,661	-	(59,661)
Public Works	7,150	-	(7,150)
Other Functions	<u>4,599</u>	<u>-</u>	<u>(4,599)</u>
<b>Total Primary Government</b>	<b><u>\$ 125,896</u></b>	<b><u>\$ 875</u></b>	<b>(125,021)</b>
General Revenues			
Property Taxes			75,012
State Shared Revenue			37,811
Interest			2,804
Miscellaneous			<u>7,413</u>
<b>Total General Revenues</b>			<b><u>123,040</u></b>
Change in Net Assets			(1,981)
Net Assets - Beginning			<u>202,501</u>
Net Assets - Ending			<b><u>\$ 200,520</u></b>

The Notes to the Financial Statements are an integral part of this statement

**GOODWELL TOWNSHIP**Governmental Fund Balance Sheet  
March 31, 2007

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 76,231	\$ 26,224	\$ 79,696	\$ 182,151
Taxes Receivable	1,529	878	2,343	4,750
Due from Other Funds	<u>2,567</u>	<u>-</u>	<u>-</u>	<u>2,567</u>
Total Assets	<u>\$ 80,327</u>	<u>\$ 27,102</u>	<u>\$ 82,039</u>	<u>\$ 189,468</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,775	\$ -	\$ -	\$ 1,775
Due to Other Governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	1,775	-	-	1,775
<b>FUND BALANCES</b>				
Unrestricted	<u>78,552</u>	<u>27,102</u>	<u>82,039</u>	<u>187,693</u>
Total Liabilities and Fund Balance	<u>\$ 80,327</u>	<u>\$ 27,102</u>	<u>\$ 82,039</u>	<u>\$ 189,468</u>

The Notes to the Financial Statements are an integral part of this statement

## GOODWELL TOWNSHIP

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets For the Year Ended March 31, 2007

Total Governmental Fund Balances	\$ 187,693
----------------------------------	------------

Total net assets reported for governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental Capital Asset	\$ 16,237	
Governmental Accumulated Depreciation	<u>(4,856)</u>	11,381

Prepaid expenses are reported under the purchases method under the fund statements; however, the consumption method is used for the government-wide statements

Prepaid Insurance	<u>1,446</u>
-------------------	--------------

Total Net Assets - Governmental Activities	<u><u>\$ 200,520</u></u>
--	--------------------------

The Notes to the Financial Statements are an integral part of this statement

# GOODWELL TOWNSHIP

## Governmental Fund Statements of Revenue, Expenditures, and Changes in Fund Balance For the Year Ended March 31, 2007

	General Fund	Fire Fund	Road Fund	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$ 25,636	\$ 14,024	\$ 35,352	\$ 75,012
State Shared Revenue	37,811	-	-	37,811
Interest	1,333	576	895	2,804
Miscellaneous	<u>3,228</u>	<u>-</u>	<u>5,060</u>	<u>8,288</u>
 Total Revenues	 68,008	 14,600	 41,307	 123,915
<b>Expenditures</b>				
General Government	54,486	-	-	54,486
Public Safety	2,362	14,502	42,797	59,661
Public Works	7,150	-	-	7,150
Other Functions	<u>4,788</u>	<u>-</u>	<u>-</u>	<u>4,788</u>
 Total Expenditures	 <u>68,786</u>	 <u>14,502</u>	 <u>42,797</u>	 <u>126,085</u>
 Excess Revenue Over (Under) Expenditures	 (778)	 98	 (1,490)	 (2,170)
 Fund Balance - April 1	 <u>79,330</u>	 <u>27,004</u>	 <u>83,529</u>	 <u>189,863</u>
 Fund Balance - March 31	 <u><u>\$ 78,552</u></u>	 <u><u>\$ 27,102</u></u>	 <u><u>\$ 82,039</u></u>	 <u><u>\$ 187,693</u></u>

The Notes to the Financial Statements are an integral part of this statement

## GOODWELL TOWNSHIP

### Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended March 31, 2007

Net Change in Fund Balances - Total Governmental Funds	\$ (2,170)
--	------------

Amounts reported for governmental activities in the statement of activities are different because:

Some expenses reported in the governmental funds do not require the use of current financed resources and, therefore, are not reported as expenditures in the Statement of Activities:

Prepaid Insurance	<u>189</u>
-------------------	------------

Changes in Net Assets - Governmental Activities	<u><u>\$ (1,981)</u></u>
---	--------------------------

The Notes to the Financial Statements are an integral part of this statement

**GOODWELL TOWNSHIP**

Statement of Net Assets - Fiduciary Fund  
March 31, 2007

	<u>Tax Funds</u>
<b>Assets</b>	
Cash	<u>\$      2,567</u>
<b>Liabilities</b>	
Due to Other Funds	<u>\$      2,567</u>

The Notes to the Financial Statements are an integral part of this statement



# **GOODWELL TOWNSHIP**

## **Notes to the Financial Statements For the Year Ended March 31, 2007**

### **NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Goodwell Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies used by Goodwell Township.

#### **1 Reporting Entity**

The reporting entity is a general law township as defined by the laws of the State of Michigan. The Township is governed by a Supervisor and Township Board.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
2. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based on this criteria, there are no other entities included in this report.

#### **2 Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

### 3 Measurement Focus, basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period.

#### 1. State Shared Revenue Receivable

State Shared Revenue is distributed in six installments per year. Often the payments are not received by March 31, therefore a receivable is recorded. For fiscal year-end March 31, 2007, the amount had been received so the receivable balance was \$0.

#### 2. Property Taxes Receivable

The Township property tax is levied on each December 1st on the taxable valuation of the property (as defined by state statutes) located in the Township as of the preceding December 31st. The taxes are due on September 14th and February 14th, with the final collection date of February 28th before they are added to the County tax rolls. The 2006 delinquent taxes of \$4,750 were received in May 2007. Thus recorded as a receivable.

The 2007 taxable valuation of the Township totaled \$18,991,949 on which ad valorem taxes levied consisted of .928 mills for general operations, .738 mills for fire operations, and 1.969 mills for roads operations. Raising \$17,565 for operation, \$8,071 for PTAF, \$14,024 for fire operational, and \$35,352 for roads. These amounts are recognized in the respective general and special revenue fund financial statements as current tax revenue.

The government reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire fund accounts for the resources of property tax revenue and charges for services that are restricted for fire protection purposes.

The Road Fund accounts for the resources of property tax revenue and expenditures that improve and construct Township roads.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include charges to customers or applicants for goods, services or privileges provided. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

#### 4 Assets, Liabilities, and Fund Balance

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated to each fund based on the cash balance in each fund.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

Inventories and Prepaid Items - Payments for inventorable types of supplies are recorded as expenditures at the time of purchase. Normally expenditures are not divided between years by the recording of prepaid expenses. There were no material inventories at year end.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	50 years
Office Equipment	10 years
General Equipment	15 years

NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The Township approves its originally adopted budget by the end of the current fiscal year. Amendments are approved periodically during the year.

The budget document presents information by fund, activity, and line items. The legal level of budgetary control adopted by the governing body is the activity level.

The Township does not utilize encumbrance accounting.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Local Governmental Unit did not incur expenditures in which were materially in excess of the amounts appropriated.

NOTE C DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated Independent Bank for the deposit of Local Unit funds.

The Township's deposits and investment policy are in accordance with statutory authority.

The Township's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash and Cash Equivalents	\$ 182,151	\$ 2,567	\$ 184,718

The bank balances combined of Independent Bank East and Independent Bank West of the Township's deposits is \$184,719, of which \$184,049 is covered by federal depository insurance and \$670 is uninsured.

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Notes to the Financial Statements (continued)

NOTE D CAPITAL ASSETS

Capital asset activity of the primary government of the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not being depreciated				
Land	\$ 401	\$ -	\$ -	\$ 401
Capital Assets Being Depreciated				
Buildings	1	-	-	1
Equipment	9,044	6,792	-	15,836
	9,045	6,792	-	15,837
Less Accumulated Depreciation for				
Buildings	-			
Equipment	4,272	584		4,856
	4,272	584	-	4,856
Net Capital Assets being depreciated	4,773	6,208	-	10,981
Capital Assets - Net of Depreciation	<u>\$ 5,174</u>	<u>\$ 6,208</u>	<u>\$ -</u>	<u>\$ 11,382</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities

Unallocated	<u>\$ 4,856</u>
Total Governmental Activities	<u>\$ 4,856</u>

NOTE F RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

# GOODWELL TOWNSHIP

## Required Supplementary Information Budgetary Comparison Schedule for General Fund For the Year Ended March 31, 2007

	Budgeted Amounts			Variance to
	Original	Final	Actual	Final Budget
Beginning Year Fund Balance	\$ 79,330	\$ 79,330	\$ 79,330	\$ -
Resources (Inflows)				
Property Taxes	24,800	24,800	25,636	836
State Shared Revenue	38,000	38,000	37,811	(189)
Cemetery Lot Sales	500	500	450	(50)
Interest	1,000	1,000	1,333	333
Charges for Services	1,000	1,000	875	(125)
Miscellaneous	2,300	1,900	1,903	3
Amounts Available for Appropriation	<u>\$ 146,930</u>	<u>\$ 146,530</u>	<u>\$ 147,338</u>	<u>\$ 808</u>
Changes to Appropriations (Outflows)				
General Government	\$ 57,900	\$ 60,350	\$ 54,486	\$ 5,864
Public Safety	3,950	3,950	2,362	1,588
Public Works	17,986	17,986	7,150	10,836
Other Functions	59,265	57,265	4,788	52,477
Total Charges to Appropriation	<u>139,101</u>	<u>139,551</u>	<u>68,786</u>	<u>70,765</u>
Budgetary Fund Balance - March 31, 2007	<u>\$ 7,829</u>	<u>\$ 6,979</u>	<u>\$ 78,552</u>	<u>\$ 71,573</u>

## GOODWELL TOWNSHIP

Required Supplementary Information  
Budgetary Comparison Schedule for Fire Fund  
For the Year Ended March 31, 2007

	Budgeted Amounts			Variance to
	Original	Final	Actual	Final Budget
Beginning Year Fund Balance	\$ 27,004	\$ 27,004	\$ 27,004	\$ -
Resources (Inflows)				
Property Taxes	13,500	13,500	14,024	524
Interest	200	200	576	376
Amounts Available for Appropriation	40,704	40,704	41,604	900
Changes to Appropriations (Outflows)				
Public Safety	14,500	15,000	14,502	498
Total Changes to Appropriations	14,500	15,000	14,502	498
Budgetary Fund Balance - March 31, 2007	<u>\$ 26,204</u>	<u>\$ 25,704</u>	<u>\$ 27,102</u>	<u>\$ 1,398</u>

# GOODWELL TOWNSHIP

## Required Supplementary Information Budgetary Comparison Schedule for the Road Fund For the Year Ended March 31, 2007

	Budgeted Amounts			Variance to
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Beginning Year Fund Balance	\$ 83,529	\$ 83,529	\$ 83,529	\$ -
Resources (Inflows)				
Property Taxes	36,000	36,000	35,352	(648)
Interest	300	300	895	595
Other Funds	<u>4,000</u>	<u>4,000</u>	<u>5,060</u>	<u>1,060</u>
Amounts Available for Appropriation	123,829	123,829	124,836	1,007
Changes to Appropriations (Outflows)				
Public Safety	<u>83,500</u>	<u>85,000</u>	<u>42,797</u>	<u>42,203</u>
Total Changes to Appropriations	<u>83,500</u>	<u>85,000</u>	<u>42,797</u>	<u>42,203</u>
Budgetary Fund Balance - March 31, 2007	<u><u>\$ 40,329</u></u>	<u><u>\$ 38,829</u></u>	<u><u>\$ 82,039</u></u>	<u><u>\$ 43,210</u></u>



# GOODWELL TOWNSHIP

## Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>Revenues</b>			
Property Taxes	\$ 17,000	\$ 17,565	\$ 565
PTAF	7,800	8,071	271
State Grants	38,000	37,811	(189)
Cemetery Lot Sales	500	450	(50)
Interest on Investments	1,000	1,333	333
Charges for Service	1,000	875	(125)
Zoning Permits	400	340	(60)
Miscellaneous	<u>1,500</u>	<u>1,563</u>	<u>63</u>
Total Revenues	67,200	68,008	808
<b>Expenditures</b>			
General Government			
Township Board			
Salaries and Wages		5,015	
Taxes and Fringes		2,474	
Printing and Publishing		523	
Dues		382	
Miscellaneous		<u>1,811</u>	
	16,000	10,205	5,795
Supervisor			
Salaries and Wages		6,750	
Supplies		<u>261</u>	
	7,050	7,011	39
Elections			
Supplies		1,130	
Miscellaneous		<u>1,120</u>	
	3,000	2,250	750
Assessor			
Salaries & Wages		5,637	
Supplies		<u>2,023</u>	
	7,950	7,660	290

Statement of Revenues, Expenditures and  
Changes in fund Balance - General Fund (continued)

Clerk			
Salaries and Wages		6,750	
Office Supplies		<u>948</u>	
	7,750	7,698	52
Board of Review			
Salaries and Wages		1,320	
Supplies		<u>90</u>	
	1,600	1,410	190
Treasurer			
Salaries and Wages		6,750	
Office Supplies		<u>2,737</u>	
	8,000	9,487	(1,487)
Township Hall			
Supplies		1,497	
Contracted Services		2,408	
Repairs and Maintenance		<u>1,128</u>	
	5,000	5,033	(33)
Cemetery			
Professional Services		750	
Repairs and Maintenance		<u>2,982</u>	
	<u>4,000</u>	<u>3,732</u>	<u>268</u>
Total General Government	60,350 -	54,486	5,864
Public Safety			
Zoning Board			
Salaries and Wages		1,200	
Professional Services		<u>1,162</u>	
Total Public Safety	3,950	2,362	1,588
Public Works			
Highways, Streets and Bridges			
Contracted Services - Road Work		<u>7,150</u>	
Total Public Works	17,986	7,150	10,836

Statement of Revenues, Expenditures and  
Changes in fund Balance - General Fund (continued)

Other Functions			
Insurance		4,788	
Contingency			
		<hr/>	
Total Other Functions	57,265	4,788	52,477
Total Expenditures	<hr/> 139,551	<hr/> 68,786	<hr/> 70,765
Excess Revenues Over (Under) Expenditures	(72,351)	(778)	71,573
Fund Balance - Beginning of Year	<hr/> 79,330	<hr/> 79,330	<hr/> -
Fund Balance - End of Year	<hr/> <hr/> \$ 6,979	<hr/> <hr/> \$ 78,552	<hr/> <hr/> \$ 71,573

September 4, 2007

Mary Kaiser  
Goodwell Township Clerk  
Newaygo County, Michigan

As a result of our recent examination of the books and records of your Township for the fiscal year ended March 31, 2007, enclosed please find:

1. Seven (7) copies of the audit report.
2. Seven (7) copies of the Comments and Recommendations letter.
3. Seven (7) copies of the internal control letter.
4. Two (2) copies of Form F-65.
5. One (1) copy of the Auditing Procedures Report.

Should any questions arise on the enclosed materials, please call upon us.

Respectfully submitted,

Jodi DeKuiper, CPA  
Hendon & Slate, P.C.

# H&S Companies

Hendon & Slate, PC  
Certified Public Accountants  
Business Consultants

September 4, 2007

Goodwell Township Board  
3087 N. Cypress  
White Cloud, Michigan 49327

Dear Board Members:

We would like to thank you for the opportunity to provide our auditing services. It was again a pleasure working with the members of Goodwell Township during the audit engagement.

A recent change in auditing standards (SAS 112 – *Communicating Internal Control Related Matters Identified in an Audit*) now requires that we provide a new letter, which we have included, that focuses on the internal controls over financial reporting.

In addition to the letter referenced above, we also reviewed the Township's accounting procedures as of and for the year ended March 31, 2007, and offer the following comments and recommendations:

## **Books and Records**

The clerk and treasurer did a good job of maintaining a complete general ledger and receipts and disbursements journal. Although some auditing adjustments were required, the number and type of adjustments were reasonable.

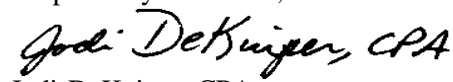
During the course of the 2005 audit we were unable to locate copies of the bank reconciliation reports. We recommended that the treasurer perform reconciliations and attach them to the appropriate statements. We noted during the current audit that this recommendation was adopted. However, it appears that the clerk and treasurer's balances were not the same. We recommend that any difference between these balances be investigated and adjusted for monthly.

## **Chart of Accounts and Capitalization Policy**

We noted the improvement of the Chart of Accounts during this current year audit, as well as the adoption of a capitalization policy in accordance with our prior audit recommendations.

We would like to thank the board for the opportunity to provide your March 31, 2007 audit. We will be happy to assist in the implementation of any of the recommendations mentioned in this letter or answer any questions on concerns you may have. We look forward to working with you in the future.

Respectfully submitted,

  
Jodi DeKuiper, CPA  
Hendon & Slate, P.C.  
Certified Public Accountants

Grand Rapids  
2025 East Beltline SE  
Suite 208  
Grand Rapids, MI 49546  
Phone (616) 954-3995  
Fax (616) 954-3990

Muskegon  
4985 South Harvey Street  
Muskegon, MI 49444  
Phone (231) 798-1040  
Fax (231) 798-8409

Fremont  
711 West Main Street  
Fremont, MI 49412  
Phone (231) 924-6890  
Fax (231) 924-4088  
Toll Free (800) 924-6891

Montague  
4538 Dowling Street  
Montague, MI 49437  
Phone (231) 893-6772

Hart  
1550 N. Industrial Park Drive  
Hart, MI 49420  
Phone (231) 873-5611  
Fax (231) 873-7033

[www.hscompanies.com](http://www.hscompanies.com)

# H&S Companies

Hendon & Slate, PC  
Certified Public Accountants  
Business Consultants

Board Members,  
Goodwell Township  
Newaygo County,  
White Cloud, MI

In planning and performing our audit of the financial statements of Goodwell Township as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Goodwell Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Goodwell Township's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies .

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

Grand Rapids  
2025 East Beltline SE  
Suite 208  
Grand Rapids, MI 49546  
Phone (616) 954-3995  
Fax (616) 954-3990

Muskegon  
4985 South Harvey Street  
Muskegon, MI 49444  
Phone (231) 798-1040  
Fax (231)-798-8409

Fremont  
711 West Main Street  
Fremont, MI 49412  
Phone (231) 924-6890  
Fax (231) 924-4088  
Toll Free (800) 924-6891

Montague  
4538 Dowling Street  
Montague, MI 49437  
Phone (231) 893-6772

Hart  
1550 N. Industrial Park Drive  
Hart, MI 49420  
Phone (231) 873-5611  
Fax (231) 873-7033

[www.hscompanies.com](http://www.hscompanies.com)

Anti-Fraud Program

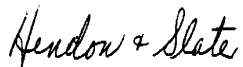
The Township has not adopted an Anti-Fraud Program (such as the attached standards of ethics and conduct) as required by SAS 99.

Controls over the Selection and Application of Accounting Principles that are in Conformity with Generally Accepted Accounting Principles

The Township currently does not have personnel available with sufficient expertise to select and apply the accounting principles necessary to prepare the financial statements and note disclosures contained in the audit report.

This communication is intended solely for the information and use of management, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in cursive script that reads "Hendon & Slate".

Hendon & Slate, P.C.  
Certified Public Accountants  
September 4, 2007